



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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April 9, 2001

CERTIFIED RETURN RECEIPT

7000 0520 0021 7582 8876

Lee Brown
Magnesium Corporation of America
238 North 2200 West
Salt Lake City, Utah 84116

Re: Update Information and Request for Submission of Large Mine Operation Notice of Intention,
Magnesium Corporation of America (MagCorp), Knolls Solar Ponds, M/045/022, Tooele County,
Utah

Dear Mr. Brown:

Thank you for the additional information updating the large mine notice for the MagCorp Knolls Solar Ponds, received March 9, 2001. Your response has addressed the five items in the Division's October 5, 2000 letter. We appreciate the complete set of detail drawings for the Knolls evaporation system.

Based on a review of this information, it appears that changes have been made at the Knolls facilities which were not identified in the originally approved large mine notice; however, these changes were operational in nature. The changes were made to accommodate changes in the brine supply and still maintain a viable operation. Some of these changes would require an adjustment in the reclamation plan and cost estimate, while other changes are merely a relocation of previously approved structures or features. The operational changes which would require an update to the original reclamation plan and cost estimate have been accounted for in the recent reclamation surety estimate prepared by the BLM; therefore, no additional calculations are required at this time. The newer operational features will now be considered part of the updated mining and reclamation plan on file with the Division.

The March 9th submission provides updated information describing the Stansbury Basin Solar Ponds as a fully operational brine facility independent of the Knolls Solar Ponds. The submission references two attachments: Exhibit C, a drawing of the Stansbury Ponds; and D, a description of the Stansbury Basin solar ponds. Exhibit D was not included with our copy of the submission. Please forward a copy of Exhibit D at your earliest convenience.

If the Stansbury Basin Solar Ponds and their associated facilities are part of MagCorp's active mining operations, then this operation must be properly permitted with the Division. Accordingly, the Division hereby directs MagCorp to submit appropriate information to satisfy the Minerals Rules

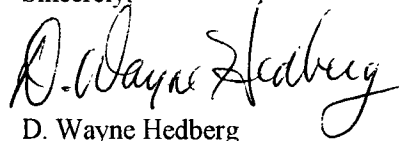
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requirements for a Large Mine Operation – Notice of Intention (copy of form MR-LMO enclosed). The large mining notice and the appropriate permit fee for the Stansbury Basin Solar Ponds must be received within 90 days of your receipt of this letter. If you disagree with our assessment or believe you will need additional time to prepare your application, please provide a written response justifying your position within 30 days of your receipt of this letter.

We also look forward to the receipt of MagCorp's response to our January 25, 2001, letter which contained the updated reclamation bond cost estimate. The timeframe for receipt of this response was extended to May 8, 2001. If you have any questions regarding this letter, please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267. Thank you for providing the requested information and for your continued cooperation in this regard.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb
Enclosure: Form MR-LMO
cc: Tony Rudman, MagCorp
Stan Perkes, BLM
Mary Ann Wright, Associate Director
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